

NATIONAL MINORITY TELEVISION, INC.
Statement of Cash Flows

Year Ended December 31, 1989

Cash flows from operating activities:		
Excess of revenues over expenses		\$ 285,229
Adjustments to reconcile excess revenue		
(expenses) to net cash provided by		
operating activities:		
Depreciation and amortization	\$ 106,445	
Changes in current assets and liabilities:		
(Increase) decrease in prepaid expenses	(6,522)	
(Increase) decrease in accounts		
payable and accrued expenses	<u>25,246</u>	
Total adjustments	-	<u>125,169</u>
Net cash provided by		410,398
operating activities		
Cash flows from investing activities:		
Capital expenditures for property, plant		
and equipment and broadcasting licenses	(3,459,268)	
Net cash used in investing activities		(3,459,268)
Cash flows from financing activities:		
(Increase) decrease in amounts due		
from affiliates	(220,899)	
(Increase) decrease in amounts due to		
affiliates	<u>3,073,011</u>	
Net cash used by financing activities		<u>2,852,112</u>
Net decrease in cash		(196,758)
Cash, beginning		<u>132,860</u>
Cash, ending		\$ <u>(63,898)</u>

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See Accompanying Notes to Financial Statements.

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NATIONAL MINORITY TELEVISION, INC.
Notes to Financial Statements

December 31, 1989

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Production and Air Time Cost-Sharing

Revenue from production cost-sharing is recognized when the production effort has been completed while revenue from air time cost-sharing is recognized when the contracted program has been broadcast.

Investments

Donated investments are stated at estimated fair market values at the dates of donation, which approximates current market value.

Organization

National Minority Television, Inc. (NMTV) has organized for the purpose of engaging in religious Christian broadcasting activities. NMTV has received notices of exemption from Federal and State income taxes as a non-profit and charitable entity.

NOTE B - CONTRIBUTIONS - RESERVED AND UNRESERVED

Contributions are recognized when cash or other assets are received. Donated assets are generally reflected in the accompanying combined financial statements at their estimated fair market values at the date of receipt. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Although there is no legal requirement to do so, such restrictions are viewed by management as moral commitments to spend such contributions as designated by the donors.

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost. Donated assets are generally reflected at their estimated fair market values at the dates of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterments are capitalized.

At December 31, 1989, property, plant and equipment consisted of the following:

NATIONAL MINORITY TELEVISION, INC.
Notes to Financial Statements, Continued

December 31, 1989

NOTE C - PROPERTY, PLANT AND EQUIPMENT, Continued

Land and improvements	\$ 22,000
Buildings and leasehold improvements	1,303,156
Equipment and studio sets	2,192,552
Furniture and fixtures	9,318
Tower and antenna	<u>122,384</u>
Total property, plant and equipment	3,649,410
Less accumulated depreciation	<u>(106,445)</u>
Net property, plant and equipment	\$ <u>3,542,965</u>

NATIONAL MINORITY TELEVISION, INC. AND AFFILIATES
DEPARTMENTAL BALANCE SHEET

December 31, 1989

	<u>NMTV, INC.</u>	<u>ODESSA</u>	<u>PORTLAND</u>	<u>ELIMINATIONS</u>	<u>COMBINED TOTALS</u>
<u>ASSETS</u>					
Current assets:					
Cash in bank and on hand	\$ (65,253)	1,355	-	-	(63,898)
Prepaid expenses	<u>6,815</u>	<u>2,808</u>	<u>-</u>	<u>-</u>	<u>9,623</u>
Total current assets	(58,438)	4,163	-	-	(54,275)
Amounts due from affiliates	2,925,712	518,332	-	(2,917,302)	526,742
Property, plant and equipment	465,754	727,764	2,349,447	-	3,542,965
Broadcasting licenses	-	12,500	520,000	-	532,500
Other assets	<u>-</u>	<u>-</u>	<u>65,146</u>	<u>-</u>	<u>65,146</u>
Total assets	\$ <u>3,333,028</u>	<u>1,262,759</u>	<u>2,934,593</u>	<u>(2,917,302)</u>	<u>4,613,078</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Total current liabilities	\$ 5,370	4,228	15,648	-	25,246
Amounts due to affiliates	<u>3,396,193</u>	<u>1,048,025</u>	<u>2,747,211</u>	<u>(2,917,302)</u>	<u>4,274,127</u>
Total liabilities	<u>3,401,563</u>	<u>1,052,253</u>	<u>2,762,859</u>	<u>(2,917,302)</u>	<u>4,299,373</u>
Fund balance:					
Unreserved	<u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	<u>-</u>	<u>313,705</u>
Total fund balance	<u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	<u>-</u>	<u>313,705</u>
Total liabilities and fund balance	\$ <u>3,333,028</u>	<u>1,262,759</u>	<u>2,934,593</u>	<u>(2,917,302)</u>	<u>4,613,078</u>

See Accompanying Notes to Financial Statements.

NATIONAL MINORITY TELEVISION, INC. AND AFFILIATES
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

December 31, 1989

	<u>NMTV, INC.</u>	<u>ODESSA</u>	<u>PORTLAND</u>	<u>COMBINED TOTALS</u>
Revenues:				
Contributions - Reserved and unreserved	\$ -	396,824	275,667	672,491
Interest income	<u>8,660</u>	<u>-</u>	<u>-</u>	<u>8,660</u>
Total revenues	<u>8,660</u>	<u>396,824</u>	<u>275,667</u>	<u>681,151</u>
Expenses:				
Program services:				
Engineering expenses	-	116,424	71,460	187,884
Production expenses	<u>-</u>	<u>3,189</u>	<u>3,724</u>	<u>6,913</u>
Total program services	<u>-</u>	<u>119,613</u>	<u>75,184</u>	<u>194,797</u>
Support services:				
Fund-raising	-	875	-	875
General and administrative expenses	<u>55,105</u>	<u>116,396</u>	<u>28,749</u>	<u>200,250</u>
Total support services	<u>55,105</u>	<u>117,271</u>	<u>28,749</u>	<u>201,125</u>
Total expenses	<u>55,105</u>	<u>236,884</u>	<u>103,933</u>	<u>395,922</u>
Excess of public support and revenue over (under) expenses	(46,445)	159,940	171,734	285,229
Fund balance, beginning	<u>(22,090)</u>	<u>50,566</u>	<u>-</u>	<u>28,476</u>
Fund balance, ending	\$ <u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	<u>313,705</u>

See Accompanying Notes to Financial Statements.

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TRINITY BROADCASTING NETWORK

COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1989

(With Independent Auditors' Report Thereon)

Goodrich, Goodyear & Hinds

An Accountancy Corporation

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Federal Communications Commission

Docket No. 93-75 Exhibit No. 323

Presented by MMB

DEC 03 1993

Disposition { Identified DEC 03 1993

Received

Rejected

Reporter A. W. [Signature]

Date DEC 03 1993

Goodrich, Goodyear & Hinds

An Accountancy Corporation

Independent Auditors' Report

The Board of Directors
Trinity Broadcasting Network and Affiliates
Tustin, California

We have audited the accompanying combined balance sheet of Trinity Broadcasting Network and Affiliates (TBN) as of December 31, 1989, and the related combined statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the TBN's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Trinity Broadcasting Network and Affiliates as of December 31, 1988, were audited by other auditors whose reported dated May 19, 1989, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Broadcasting Network and Affiliates as of December 31, 1989, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in Schedules 1 and 2 are presented for additional analysis and are not a required part of the financial statements. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.



September 28, 1990

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TRINITY BROADCASTING NETWORK AND AFFILIATES
Combined Balance Sheets

December 31, 1989 and 1988

	<u>ASSETS</u>	<u>1989</u>	<u>1988</u>
Current assets:			
Cash and cash equivalents		\$ 11,258,487	\$ 15,362,610
Accounts receivable, net of allowance for doubtful accounts of \$394,000 for 1989		2,176,179	2,101,871
Prepays and security deposits		658,273	182,215
Notes receivable, current portion		<u>1,310,000</u>	<u>-</u>
Total current assets		15,402,939	17,646,696
Notes receivable, less current portion		8,668,821	6,755,517
Amounts due from affiliates		14,924,572	11,475,695
Property, plant and equipment, less accumulated depreciation		63,466,291	51,485,877
Broadcasting licenses and satellite rights, net of accumulated amortization of \$4,599,724 and \$3,888,331, respectively		16,016,472	16,617,180
Other assets		<u>4,704,356</u>	<u>-</u>
		\$ <u>123,183,451</u>	\$ <u>103,980,965</u>

LIABILITIES AND FUND BALANCE

Current liabilities:			
Accounts payable and accrued expenses		\$ 2,253,382	\$ 1,347,036
Notes payable, current portion		<u>1,000,000</u>	<u>819,459</u>
Total current liabilities		3,253,382	2,166,495
Trust liability		595,306	642,625
Notes payable, less current portion		1,000,000	169,552
Amounts due to affiliates		3,156,665	-
Unearned income		<u>425,000</u>	<u>-</u>
Total liabilities		<u>8,430,353</u>	<u>2,978,672</u>
Fund balance:			
Reserved		1,446,670	2,149,301
Unreserved		<u>113,306,428</u>	<u>98,852,992</u>
Total fund balance		<u>114,753,098</u>	<u>101,002,293</u>
		\$ <u>123,183,451</u>	\$ <u>103,980,965</u>

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TRINITY BROADCASTING NETWORK AND AFFILIATES
Notes to Combined Financial Statements

December 31, 1989 and 1988

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Production and Air Time Cost-Sharing

Revenue from production cost-sharing is recognized when the production effort has been completed while revenue from air time cost-sharing is recognized when the contracted program has been broadcast.

Investments

Donated investments are stated at estimated fair market values at the dates of donation, which approximates current market value.

Organization

Trinity Broadcasting Network and Affiliates (TBN) have organized for the purpose of engaging in religious Christian broadcasting activities. TBN has received notices of exemption from Federal and State income taxes as a non-profit and charitable entity.

The following organizations are included in these financial statements:

<u>Name</u>	<u>Relationship</u>
Trinity Christian Center of Santa Ana, Inc. (TCC)	Management organization
Trust Accounts	Division of TCC
International Christian Missions	International Affiliates
TB of Greensboro, North Carolina	Division of TCC
TB of Canton, Ohio	Division of TCC
TB of Arizona, Inc. (TBA)	Affiliate of TCC
TB of Florida, Inc.	Affiliate of TCC
Trinity Towers, Inc.	Affiliate of TCC
TB of New York, Inc.	Affiliate of TCC
Planck Technical Services, Inc.	Subsidiary of TCC
TB of Arizona - Albuquerque	Division of TBA
TB of Oklahoma, Inc.	Affiliate of TCC
TB of Washington, Inc.	Affiliate of TCC
TB of Denver, Inc.	Affiliate of TCC
TB of Indiana - Bloomington	Division of TBI
TB of Indiana, Inc. (TBI)	Affiliate of TCC
TB of Texas, Inc.	Affiliate of TCC
Trinity Christian Center of San Marcos, Inc.	Division of TCC
Trinity Films, Inc.	Affiliate of TCC
C.A.L.A.C., Inc.	Affiliate of TCC

Trinity Broadcasting Network is a registered dba for Trinity Christian Center of Santa Ana, Inc.

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